

THE COMPANIES ACT 1985

SC 108 732

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM

an

ARTICLES OF ASSOCIATION
(both as altered by Special Resolution
passed 1st September 1998)

of

THE WORDS AND THE STONES

(Incorporated the 18th day of January 1988)

J. Currie *Director*

MacRoberts
Solicitors,
Glasgow.
JHG/EB/WO624001
[CPYW:WORD02.MEM]

A

DIARY

Saved by the grant

DOUG CLELLAND, the architect of Glasgow's Glasgow, may not exactly be P. T. Barnum when it comes to attracting crowds to shows, but he surely must be one of the country's best negotiators.

He sold the concept of the exhibition in the dungeons underneath Central Station on the grounds that it would be a moneymaker for the city. But with attendances of less than one-third the projected 1.2 million, the prospect of Glasgow's Glasgow breaking even rapidly disappeared.

So much so that, at one point, The Words and the Stones Ltd, the company set up to run the exhibition, was technically in danger of trading illegally. Its accountants, Touche Ross, had to give a statutory warning that directors of the company could be held financially responsible under the 1985 Companies Act. This was because a sum of around £3 million was on the company's books as due to be repaid to Glasgow District Council: the possibility of which was remote, given the poor trading figures.

This raised the terrible prospect of the directors, many of whom were Glasgow public figures on the board to add some solidity to the Words and the Stones, being liable for debts incurred while the company was trading with no prospects of solvency.

This problem was, of course, solved for the company when the district council rapidly and generous-



Tom
Shields

ly agreed, on the nod, that the £3 million should become a grant instead of a loan. Would that all businesses could solve their problems so easily. Or that they could have the benefit of the persuasive skills of a Mr Clelland.

Of course it may have been a factor that four of the directors of the Words and the Stones Ltd are officials of the district council. It would not have been very nice of the council to leave Bill English (finance director), James Rae (planning), Julian Spalding (museums) and Christopher Purslow (architecture) up the financial Swanee.

Meanwhile, the first set of accounts of Words and the Stones Ltd will shortly be available (27 months after the company was first registered) at Companies House and will no doubt be of great interest to social historians and other students of Great Glasgow Disasters.

Legal technicality

WEE stories from the courts, continued: A businessman is responsibly but reluctantly performing a spell of

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GLASGOW'S

glasgow

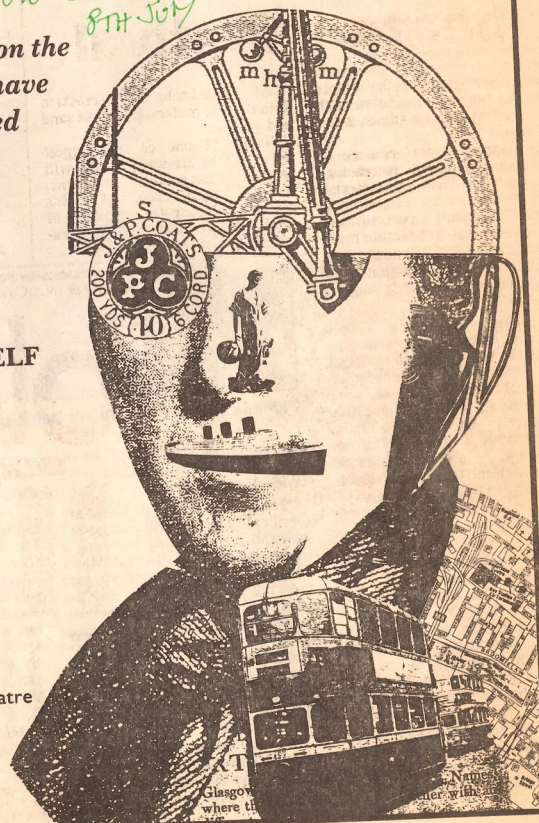
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and, luckily, it's only a superfi-
cial cut. He didn't need an operation
to get the pellet out. Mr Mackin and wife
He said he was proud Colin had (22) are to get rid of the rifle

Glasgow's show MF proves a winner ele

GLASGOW'S Glasgow, the massive exhibition underneath Central Station, has been given the stamp of approval.

Scottish Tourist Board officials predict that it could be among the top Scottish tourist attractions this year.

A survey reveals that 93 per cent of all visitors said they would recommend it to their friends.

Since the opening of the exhibition in April, more than 155,000 people have visited the show.

That rivals the total

number of visitors for the whole year to the Glencoe Visitor Centre, rated as one of the best exhibitions promoted by the National Trust for Scotland.

DELIGHTED

Now Glasgow's Glasgow organisers believe that visiting figures will rise even further because of school holidays.

Doug Clellan, originator of the event, said today: "It is clear from the comments in our visitors' book that most people are delighted with their experience, and will return."

A LAB group to pamphlet party to debating in the Con

Shadow Robin Campbell, Labour Campaign for Electoral Reform, had the lead in the electoral sys

The can has more than 100 members, did not particular sy but wanted that if Labour election it v

Glasgowing, going . . .

13/7/90

GALES of laughter echoed through the cavernous spaces beneath Central Station central recently when staff at Glasgow's Glasgow were asked to submit proposals for the period beyond November of this year when the exhibition is due to close. A sentiment not dissimilar to "we should live so long" was detectable.

No great surprise then that press officer Josie Stevens is leaving the arches for a post with Sadlers Wells Royal Ballet as it relocates in Birmingham. It should be nonetheless recorded that she actually handed on her resignation before she had any other post to go to.

Remarks about swiftest rodents and capsized vessels would be less wide of the mark in the case of assistant curator Alison Miyauchi, the Canadian reponsible for much of the final shape of the exhibition. After internal machinations, she resigned her titular position some time ago, although she remains on board because many of the exhibits are on loan to her personally.

Gone

NO great gasps of astonishment either at the departure of Mayfest programme administrator Mary Shields. Like most of the rest of the team, she has been out of contract since the end of the festival and could hardly be expected to hang about

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Culture city for the price of a sandwich

THE flagship exhibition. The centrepiece of an enlightened city's celebration as the European Capital of Culture. The link between past and present.

Then, 11 weeks after launch, increasingly-strident criticism that too-high prices and its content were keeping away the crowds who should have been flocking to its doors, finally hit home. Bums on seats became the order of the day.

But Doug Clelland, the originator and driving force behind the venture, was in no mood yesterday to take this as defeat. For him, the row over prices is secondary to that about who owns history and who has the right to interpret it.

"For me Glasgow has been and still is a pluralistic place; it has many different dimensions to it. Cloth-cap working-class culture is crucially important to the past not least in Glasgow. Our critics, most of whom have not visited the exhibition, are punching blindfolded.

"There is a group of people who have formed a hard core resistance to the whole phenomenon of Glasgow's Glasgow and therefore contemporary Glasgow itself. They range from writers who find themselves writing the books their fathers should have written to people who legitimately feel that their part of the intellectual world called Social History of the Working Class, has to be defended at all costs. The best way to defend is to

Poor attendances led to a cut to £1 for tickets to Glasgow's Glasgow. Is it realism or a climbdown?
Steve Briggs reports

attack something which you do not understand, which you have a fear of.

"I feel the People's Palace is a crucial contributory factor to Glasgow and should have a developing future. But a monopoly? I am against that."

There is no fight between two monopolies, one public sector and one private sector.

As Mark O'Neill, the recently-appointed Keeper of Social History has said: "The lesson of Glasgow's Glasgow is clear. If museums want to perform in this arena, they must deliver ideas on the required scale and earn the right to work on equal terms with outside partners."

Clelland says that there had been a tremendous vacuum in the lead up to Glasgow's Glasgow. "As we began the research period we contacted Elspeth King (curator of the People's Palace) as a matter of priority among the many academics and scholars and thinkers in the culture of Glasgow. She declined all overtures from us to join in the intellectual rooting of Glasgow's Glasgow.

"I believe the collection down there and the reserve collections there are crucially important. The development of Glasgow Green is going to

change a great deal. The whole area of Glasgow is going to change enormously over the next five years whatever anybody does. The People's Palace is one focus to all that. It should not have any reasons to resist taking part in that renewal.

"My primary interest and why I've been living back in Glasgow for the last three years has been to produce an honest and state of the art exhibition. Everybody who visits it from outside thinks it is a great achievement in European terms.

Clelland said that the price of the exhibition had not proved to be a problem once people had visited it.

"The numbers are going up remarkably. Since the end of the school term, two weeks prior to the price changes, the numbers have leapt.

"I think what has been decided by Glasgow District Council is brave. We have an international exhibition for the price of a sandwich.

"What Pat Lally has done is to say we've learned for 11 weeks, we now act. The projected pre-price drop attendance of 400,000 is extremely good in anybody's terms for an exhibition of this nature. If we get more than that, then it's fantastic. The second part of Glasgow's Glasgow will therefore see a turn up in people being able to make up their mind, whether Glasgow's Glasgow was of value to them during 1990 or not."

Time for the carnage to end

SCOTLAND on SUNDAY

EXPERTS and decision-makers in road safety are being brought together by *Scotland on Sunday* to hammer out a strategy to improve Scotland's appalling record of

ously injured on the roads. A child in Scotland is three times as likely as an Italian child and twice as likely as a French child to be killed while crossing the street.

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YEAR

GLASGOW'S Glasgow, showpiece of the Year of Culture, is set to make a multi-million pound loss.

Council sources have revealed to the Evening Times that the losses, which will be met by Glasgow Poll Tax payers, will be as high as £3.5m.

The exhibition, which traces Glasgow's history and is staged below Central Station, has failed to attract sufficient numbers.

A meeting of Glasgow District Council's festival sub-committee was urgently called today to discuss the financial crisis.

LAUNCH

And in a face-saving move they decided to slash prices at the event from £4 to £1 for adults, and accompanied children will get in free. The price changes, which are costing the council an extra £200,000, will come into effect on Saturday.

The decision came after tense exchanges on the issue involving senior Labour and Tory councillors.

In an unexpected move the council agreed to allow press and public to hear the discussion after a request by Tory group leader John Young.

By ROB ROBERTSON

A 28-page report prepared by the organisers, which tried to paint a favourable picture of the event, was put before councillors. It claimed the exhibition had brought over £3m to the local economy and hundreds of new jobs. Despite this, councillors were angry at their lost investment.

ATTRACT

Director of Finance Bill English said cutting the admission fee was a "fairly dramatic change". He claimed the event had failed to capture the public's imagination and it was now time for the council to reconsider its policy.

He said it would cost a massive £3.8m to close it immediately and the council's aim should now be to attract as many visitors as possible, knowing their investment looks likely to be lost.

Tory councillor John Young said he was amazed that Glasgow's Glasgow had been building up such a massive loss without any close public checks on its performance.

A move by Councillor Martin Hilland and Councillor Chick McCafferty to allow the pub-

(continued on page 2)

that up to 1,200,000 people could attend. Latest figures suggest only 400,000 people will visit before it ends in November.

The Scottish Development Agency put up £940,000 and British Rail £250,000 to help stage the event.

PRAISE

Councillor Lally defended the council's investment in what he described as a worthwhile exhibition.

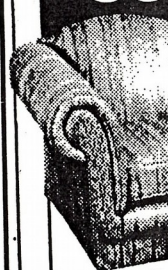
He said: "It is a fantastic exhibition. I was hoping it would be self-financing but that hasn't happened."

Around 20 people were inside the exhibition today when the Evening Times visited soon after opening time at 10 o'clock.

Josie Stephens, public relations officer with the event, told the Evening Times earlier this week it made her laugh when people said it was in difficulties. "There is nothing to worry about," she said.

The council's Festivals Office has also been trying to quell concern. Only yesterday it issued a press release stating how well the event was doing to try to cancel criticism made of it over the weekend by Glasgow author James Kelman.

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THE GLASGOW HERALD

SCOTLAND'S NEWSPAPER

208th year—No. 184

THURSDAY, AUGUST 30 1990

By DEREK DOUGLAS

GLASGOW District Council's Labour leader, Pat Lally, last night admitted he knew nothing specific about an advance of more than £200,000 from the council to enable the controversial Glasgow's Glasgow exhibition to go ahead.

Tory opponents, too, claimed they could not recall the advance being authorised by the council during committee discussions about the exhibition, which was designed as the focal point of the city's year of culture. Glasgow's Glasgow, it has emerged, has been in financial difficulties from the outset and is now heading for a £3.7m loss.

Councillor Lally said inquiries about the advance should be directed to finance director Mr William English.

The first accounts of The Words and the Stones Ltd, the company formed to run the exhibition, have now been lodged at Companies' House in Edinburgh, some 31 months since the organisation came into being.

The report and financial state-

Arches cash puzzle

GLASGOW 1990
CULTURAL CAPITAL OF EUROPE

ment prepared by accountants Touche Ross show:

□ A loss for the period of £217,929.

□ Advances of £219,623 from Glasgow District Council.

□ Fees totalling £76,470 paid to directors or their companies.

The revelation that the company, headed by architect Mr Doug Clelland, had been running at a six-figure loss in its earliest days has angered the Tory opposition, which is also outraged at the size of the district council advance.

Huge advance for Glasgow's Glasgow show comes to light

By comparison, Strathclyde region and Glasgow Action gave £12,000 apiece.

Deputy Conservative leader Councillor William Aitken declared: "For an exercise of this kind the original investment appears to have been substantial indeed. Personally I cannot recall specific authority for this advance, although blanket authority could have been given."

"I will be taking this matter up with the director of finance. What we seem to be talking

about now is not only a substantial loss running into the millions of pounds, but also this original outlay of £219,623. Now it looks as if it will all go down the tubes. The whole thing is a shambles."

The exhibition, in the redeveloped arches under Central Station, is heading for a £3.7m deficit which will have to be met ultimately by the people of Glasgow.

The organising company, The Words and the Stones Ltd, was formed in January 1988. Howev-

er, the statutory reports and financial statements covering the first 15 months of its activities were lodged at Companies' House only last month.

Councillor Lally said he had no knowledge of the accounts. He said he had never seen them.

He added: "You might be better speaking to the director of finance. We have four of our directors on that body. I don't have any information on these things."

On the specific question of the

£219,623 advance which appears in the accounts, Mr Lally said: "There was funding in the early stages for a feasibility study for the project."

He was unclear, though, as to whether this was the £219,623 figure. "I've no idea. You would have to ask the director of finance about that. I'm not able to say on that."

He said that such expenditure would not have been permitted if it had not been sanctioned by the council. "Nothing would go to anybody if it didn't go through a council committee. I don't know anything about the specific sum mentioned. I'm not in a position to say what's in their accounts."

The accounts and financial

Continued on Page 2

SCOTS ATHLETES PROVE
PERSONALITIES

Fresco puts on a show

HOME NEWS

GLASGOW HERALD THURSDAY AUGUST 30 1990

Deaths

ER — Peacefully, at Victoria Infirmary, Glasgow, on 29th August, 1990, WILLIAM ASER, beloved husband of Jean McKenzie, a beloved father of Gordon, Raymond, and Carol, and a loved grandpa of Alan. Service, to which all friends are respectfully invited, at the Crematorium, Ashaw Drive, Glasgow, on Saturday, 1st September, at 10.30am.

T — Peacefully, at Little Inch Nursing Home, on Wednesday, August, 1990, JE, beloved wife of A., a much loved mother of Douglas and a dear grandmother of Karen and D. Funeral service Saturday, 1st September, at Woodside Crematorium, Paisley, at 11.30am, to which all friends are respectfully invited. No flowers, please. Donations if desired to Little Inch Nursing Home, Inchinnan.

STON — Suddenly, at Glasgow General Hospital, on Tuesday, 28th August, 1990, REEN (nee O'KIE), dearly loved wife of Harry Johnston, a Trinity Park, Duns, who loved mother and grandmother. Funeral service in Duns Cemetery, on Monday, 3rd September, at 2pm, to which all friends are invited.

R — Peacefully, at Rosshouse Hospital, on 28th August, 1990, NE MORRISON LEAN (nee Woodie), in her 83rd year, beloved wife of the late Robert Ken, a much loved mother, grandmother and great-grandmother. Service Dunlop Kirk, on Friday, 31st August, at 5pm. Interment thereafter at Dunlop Cemetery, to which all friends are respectfully invited.

INGSTON — Peacefully, at home, on 29th August, 1990, JEAN INGSTON, dearly loved wife of the late Mr. Livingstone.

Victory over war widows' payments

SCORES of war widows who lost out on a Government pension rise were told last night that they would get the money.

Women whose husbands were taken overseas by the armed services as "locally enlisted personnel" had been ineligible for the £40-a-week rise given to others from April.

The Ministry of Defence has now agreed to give them the special payments and to backdate them.

The issue was highlighted by Mrs Irene Adler of New Milton, Hampshire, whose late husband enlisted while serving with the Palestine police.

Mr Adler had been paid at two-thirds of the normal rate and she had been receiving two-thirds of the war widows' pension.

The Government agreed last year to make £40-a-week special payments to pre-1973 war widows from April to bring them into line with women whose husbands died after that.

Mrs Adler, whose husband died before 1973,

Deficit for Glasgow's Glasgow now expected to reach £3.7m

Continued from Page 1

statement approved by the directors on July 12 of this year cover the period January 18, 1988 to March 31, 1989. They show turnover of £24,000; cash in hand or at bank of £27,713; creditors owed £27,710; net current assets of £1694; and a loss of £217,929.

The £219,623 advance from Glasgow District Council appears under the heading "Creditors falling due after more than one year" — Advances received from Glasgow District Council £219,623.

The directors' report declares that the company had experienced losses in the period resulting from expenditure that had been incurred in the planning stages of the project. They were confident, however, that a break-

even position would be achieved in due course. They said that the loss incurred for the period, £217,929, had been transferred to the reserves.

Under the heading Directors' Remuneration, details of fees paid to consultancy agencies in which the directors have an interest are given. Professor Andrew MacMillan, of the Mackintosh School of Architecture, who resigned his directorship last month, received £1000; Mr John Bampton's Bampton Consultancy received £26,765, and Clelland Associates received £48,705.

Last night Mr English, Glasgow District Council's director of finance, said that councillors had been kept well informed of the financial difficulties facing the exhibition.

"The council agreed to finance in advance, effectively to provide bridging finance for the mounting of the exhibition, the sum of £219,623. That figure is now more than £3.5m.

"The councillors know the story. We have been making advances as the exhibition was mounted. That was the agreement. Initially there was a hope that the admission charges would allow the advance to be returned to us, but then in July the council was informed that this was not going to happen, and that it was going to cost us in excess of three and a half million net when it was all over. That £219,623 sum was just the very early advances."

Mr English said that the company had been bound to operate at a loss in the early days because

there was no income until the show opened.

He added: "The exhibition didn't open until May of this year so until that time nobody had any idea what the throughput would be, and what the admission income would be. Various estimates had been made, but like everything else proof of the pudding was in the eating.

"I have now said that I think the deficit figure will be £3.7m. That is the estimate I gave the council in July and it won't be any less than that. The point that the council grasped in July quite clearly was that we could not really save any money on it.

"The thing that the council decided was to get as many people as possible to see this exhibition."

Saunders son in trial plea

THE son of former Guinness chief Ernest Saunders yesterday urged the Serious Fraud Office to drop further charges against his father. He said he was not well enough to go through another trial in January.

Mr James Saunders, a barrister, whose father was jailed for five years yesterday for his part in a shares conspiracy, said: "I sincerely hope there will not be another trial because I don't think he could physically stand it."

Mr Saunders, on BBC TV's Breakfast News, said it would be horrific to make his father stand a second trial. "If the Serious Fraud Office had any humanity they might drop the charges," he said.

The five-year sentence was unwarranted, he said. His father had already served three years as a prisoner of the legal system, anything on top of that was unnecessary.

He said: "The one thing he has on his side is the conviction that he is innocent, he has been wrongly accused and wrongly convicted and that will help him through this very difficult stage."

Boy injured

Ballet post for Countess

The Countess of Dalkeith has been appointed chairman of Scottish Ballet. She takes over from Mr Peregrine Moncrieffe, who has completed his three-year term of office.

The Countess, a freelance writer and broadcaster, has served on the board for six years, the last three as deputy chairman.

Labour accuses Rifkind over plan for spent nuclear fuel

By MARGARET VAUGHAN

LABOUR'S Scottish transport spokesman, Mr Brian Wilson, yesterday accused Secretary of State for Scotland, Mr Malcolm Rifkind, of evading responsibility for the agreement to import spent

government laying down terms for a licence for the importation of nuclear waste to Dounreay.

Intensive lobbying by Labour and Scottish environmental groups to the West Berlin blocking German agreement to the licence but

son wanted to know whether Mr Rifkind was aware of the proposed agreement; what advice the Scottish Office had given to the Government the proposed licence; why the Scottish Office failed to initiate consultation and proper safeguards.

plant has serious implications."

It would affect the local environment, have a profound impact on areas such as transport, security, public safety, tourism, and fishing which are the direct responsibility of the Scottish Office.

Mr Wilson claimed the

GLASGOW'S
glasgow
A CITY WITHIN A CITY

Culture project's figures revealed

£240,000 fees for directors

Glasgow Herald
13 Sept '90

By DEREK DOUGLAS

DIRECTORS of the company responsible for the controversial Glasgow's Glasgow exhibition have been paid up to £240,000 in the past three years despite the publicly-funded project heading for a loss of nearly £4m.

Glasgow District Council's director of finance, Mr William English, who is also a director of the organising company, has already told councillors to expect a deficit of £3.7m for the ambitious exhibition, which occupies the revamped arches under Central Railway Station.

The Words and Stones Ltd, the company formed in January, 1988 by architect Mr Doug Clelland to run the exhibition, lodged its first year's accounts at Companies' House in Edinburgh only in July.

They were deposited late and because of this the directors, including four senior council officials, were warned by the procurator-fiscal that they were in danger of breaking the law.

When the accounts were filed it transpired that in its first year the district council had advanced nearly £220,000 and a loss of nearly £218,000 had been incurred.

They also revealed the scale of directors' fees. Clelland Associates, the architectural practice associated with Mr Clelland, had received £48,705; Mr John Bampton's Bampton Consultancy received £26,765, and Professor Andrew MacMillan, of the Mackintosh School of Architecture in Glasgow, who has now resigned from the company, had been the recipient of £1000.

New figures obtained by the Glasgow Herald indicate the directors' continuing fees as the project plunged into more serious deficit.

□ In addition to the £48,705 mentioned in the accounts it emerges that between April 1989 and March 1990 Clelland Associates received £43,000 and is scheduled to receive a further £28,000 in the current financial

Bampton, who is recorded in the Companies' House accounts as having received nearly £27,000, earned £36,000 in 1989/90 and a further £15,000 in 1990/91. Total — £78,000.

□ The writer Carl MacDougall received £11,000 in 1988/89 and earned a further £21,000 in 1989/90 and £2000 in 1990/91. Total — £34,000.

□ Mark Baines of the School of Art in Glasgow received £8000 in 1989/90.

The Words and Stones Ltd was formed as a company limited by guarantee and not having a share capital, with the intention of "organising, preparing, and presenting exhibitions and events of an educational, scientific, historical, cultural or similar nature relating to Scotland or any town, city, or region of Scotland... and in particular to mount in Glasgow an exhibition of a history and future of that city."

In March the nominees of Oswalds, the company registration agents, resigned their places on the board and Mr Clelland, whose brainchild Glasgow's Glasgow was, became company secretary. His address was given as Castlehaven Road, London.

The same month, Mr John Bampton, Sevenoaks, Kent, of the Bampton Consultancy became a director. Thereafter, Mr Clelland, who is now managing director, resigned as company secretary and McLachlan and Brown, chartered accountants, were appointed in his place.

As the planning of the exhibition continued the original board of directors was joined by Professor MacMillan, who resigned in July of this year; Professor Thomas Carberry of Strathclyde University; Mr Baines; and Mr MacDougall.

Four senior Glasgow District Council officials were also appointed: finance director Mr William English; museums director Mr Julian Spalding; planning director Mr James Rae; and director of architecture Mr

called into action this year it will be chaired by Deputy Prime Minister Sir Geoffrey Howe.

The problem over bids by spending Ministers was not discussed at yesterday's Cabinet

his task is harder than any chief secretary has faced for several years.

The Government's problems are compounded by the rate of inflation, which is expected to

defence is said to be holding out against deep cuts in spending while there is a threat of hostilities against Iraq.

Mr Clarke is believed to be demanding about £3 billion for

to make Iraq pay for the damage its troops have caused to occupied Kuwait. She told her Ministers that reparations, which could run into millions of pounds, must be linked with war crimes trials for those involved

able to afford their spending plans.

Labour had ambitious aims, and would tackle the "manifest deficiencies" in public services, but public spending would be limited.

sacking of three party directors by the new Scottish chairman Lord Sanderson.

Mr Douglas Mason, who was for 14 years a Conservative councillor in Kirkcaldy, said the sacking of the three young officials who were closely identified with sacked former chairman Michael Forsyth amounted to a witch-hunt.

Mr Mason, from Glenrothes, a policy adviser with the Adam Smith Institute, was the author of a discussion document prepared by the right wing think-tank to put forward an alternative to the rating system. Effectively it became Government policy in the form of the community charge.

The three directors at the party's Chester Street headquarters in Edinburgh, Ms Jane Isbister, Mr Iain Kerr, and Mr Simon Turner, were declared redundant by Lord Sanderson on Tuesday.

Lord Sanderson, the former Scottish Agriculture and Fisheries Minister, became party chairman a month ago when Mr Forsyth, the Scottish Health Minister and MP for Stirling, was removed by Mrs Thatcher after a concerted campaign by those opposed to his right wing leadership style.

Yesterday, Mr Mason said: "I am utterly disgusted with what has happened, and it is very unlikely that I will renew my party membership."

Answers soon on Glasgow's Glasgow

By AUSLAN CRAMB

THE company which organised Glasgow's Glasgow has agreed to answer detailed questions about the exhibition's projected £4.6m loss.

The decision was made last night at an emergency board meeting after the directors had received a hard-hitting letter from Glasgow District Council, posing a series of questions on management and finance details.

The letter was drafted by the council's chief solicitor, Iain Drummond, and demanded that the directors provide full explanations within ten days.

After the meeting, Mr Doug Clelland, chairman and managing director of Glasgow's Glasgow, said: "We have agreed to the conditions of the letter." He refused to make any further comment.

Five main areas of concern are

raised under separate headings in the council's letter:

1. **Relationships between the parties:** "The council requires a clear understanding of the relationship between the board of directors and their financial advisers and between the board and their executive officers."

2. **Financial Information:** "The council wishes to be provided with a detailed statement of the financial information that was made available to the board of directors and/or the managing director, including a note of the dates on which the information was updated and of the action taken, if any, as a consequence of receiving advice from this quarter."

3. **Increase in Forecast Expenditure:** "The council requires an explanation regarding the considerable increase in the forecast of expenditure provided in October

as opposed to the forecast submitted in July."

4. **Authority for committing expenditure:** "The council requires to know how, and on what basis, expenditure was authorised during the course of the exhibition and what authority was delegated to officers of the company to commit expenditure on the company's behalf."

5. **Exceeding available budget:** "It is quite clear that the company has committed expenditure in excess of the budget provided. While it is accepted that income was not generated at the levels originally anticipated it is also clear that various items of expenditure exceeded their individual budgets by considerable amounts. The council requires, for each item of expenditure, a detailed explanation as to why this occurred."

Mr Steve Hamilton, town clerk, told a meeting yesterday of

the council's policy and resources committee: "These are pretty searching questions that have been put to the company."

The committee ratified emergency action taken on Monday that the company's outstanding debts be met from the culture year budget. An estimated 200 local companies are owed about £500,000.

The ongoing weekly cost of keeping the exhibition open until its scheduled November 5 closing will also be met by the council. Cheques will be sent out direct from George Square.

Liberal group leader, Councillor Robert Brown, asked yesterday about the part played by four of the council's own senior executives, including Financial Director, Mr Bill English, appointed to the company's board as watchdogs.

Councillor Danny Crawford, chairing the meeting, assured him

that their part in the company's running would be the subject of a separate inquiry. It was vital, he said, that the inquiry by the council should be comprehensive with the full information being made public.

Tory councillor William Aitken asked: "Who was monitoring the expenditure within this company?" Mr Hamilton answered: "The financial adviser was someone who was seconded from the firm of Touche Ross."

Mr Hamilton added: "The council in its ongoing inquiry may want to ask the directors whether all proper machinery was in place to effectively monitor expenditure."

City Treasurer Councillor Jean McFadden, said the exhibition's huge loss now meant that £14.3m had been committed from the original £15m allocated to underwrite city of culture year events.

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Glasgow steps in as exhibition loss climbs to £4.6m

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LEGAL action may be taken by Glasgow District Council over the financial running of the *Glasgow's Glasgow* exhibition, which faces the loss of £4.6 million, writes ALAN FORBES.

The council's festivals sub-committee decided yesterday to cover about £700,000 of new losses. The council will also take over responsibility for signing cheques from the exhibition's company, the Words and the Stones.

Glasgow's Glasgow — in arches below Central Station — was intended to be the flagship exhibition of Glasgow's year as European capital of culture. Instead, it will harm the reputation of everyone connected with it, the city treasurer, Jean McFadden, said yesterday.

Mrs McFadden said the council was given inaccurate information in July that losses would be limited to the £3.7 million the council had agreed to underwrite.

The company's board is being asked to report on the financial management of the event. If the report showed legal action against individuals or companies was advisable, the board would be required to take that action or to assign to the council the ability to take legal action.

At yesterday's meeting, John Bampton, a board member, and Geoffrey Kitt, a partner of Touche Ross, the chartered accountants which had seconded staff to the

exhibition company, faced two hours of questioning.

Councillor Charles Davison wondered why a Touche Ross report expressed an air of surprise about costs which should have been budgeted for. He added that one part of the report was so confusing that it reminded him of the television comedy, *Yes Minister*.

Mr Kitt said a break-in at the exhibition had raised the need for extra spending on security. Extended opening hours had resulted in light bulbs failing.

When Mrs McFadden expressed her concern that *Glasgow's Glasgow* was accounting for about a third of the council's £15 million culture year budget, Mr Bampton replied: "No-one is more disappointed than the organisers."

The sub-committee discussed the role of the four council directors — William English (finance), Julian Spalding (museums), James Rae (planning) and Christopher Purslow (architecture) — on the board. The town clerk, Steven Hamilton, said that the directors had been appointed on the basis of their expertise.

Pat Lally, the council's leader who chaired the sub-committee, said that the board members presumably thought that information given to them in July was accurate. He said a similar exhibition last year in Berlin cost more than £5 million.

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Council ties Glasgow's Glasgow purse strings

By JOHN MacCALMAN,
Municipal Correspondent

DISILLUSIONED councillors yesterday ensured themselves of the right to take legal action against those responsible for the financially disastrous Glasgow's Glasgow exhibition, whose costs have soared to £4.6m.

Conceived as one of the highlights of Glasgow's year of culture, the project, already widely condemned for its sanitised perspective of social history, has now become a veritable albatross, casting a shadow over the city's reputation and its ability to mount temporary exhibitions.

With as many as 200 firms still

awaiting payment for the supply of goods and services, councillors had the feeling of a gun being pointed at them as they authorised further underwriting of £700,000 to prop up the exhibition for the remaining five weeks of its run, and enable the Glasgow's Glasgow Company to pay out the £500,000 it owes to creditors.

Belatedly, members of the council's festivals' sub-committee decided it was time to reel in an operation that had so clearly got out of control. From now on all payments due by the company will be paid directly by the council's finance department.

Of acute embarrassment to the

LALLY THE POWER BROKER — Page 15

city's Labour administration is the fact that four senior council officials, including director of finance Mr William English, were appointed to the board to protect the council's £3.7m investment in the project.

Both Labour leader Councillor Patrick Lally and City Treasurer Mrs Jean McFadden were at pains to point out that the officials had been fed inaccurate information.

However, in addition to calling for a full report from the Glasgow's Glasgow company on its management of the project, it is

certain the council will wish to meet its own appointees to find out exactly the efficacy of their stewardship.

Said Councillor Lally: "The general view is that we're totally dissatisfied with the performance of the company in containing expenditure within the budget laid down without referring to the board or ourselves on any deviation from that."

Treasurer McFadden commented: "I think we've been badly let down, but until we get the report we've asked for, it's not possible at this stage to be

precise about where the blame should lie. I think we should have a meeting with the four directors appointed by the council.

She continued: "I think the reputation of the people involved in managing Glasgow's Glasgow is likely to be damaged as a result of what's happened and that will rub-off badly on our name, particularly as it's there twice. That would be unfortunate. But there's no excuse for what appears to be mismanagement."

It was Councillor McFadden who made the running at yesterday's meeting, badgering and closely questioning representatives of the Glasgow's Glasgow

company as the catalogue of excess expenditure emerged.

She complained: "This project has absorbed one third of the money we had allocated to the year of culture and the organisation has been appalling. There should have been continued referral to the people who have to pay the bill. It's outrageous."

Chief executive Mr Steven Hamilton said the early concern of those involved had been to deliver the project that had been promised, although he emphasised that could never have meant there was a blank cheque available.

2/10/90

Asset-stripping claimed in bid to cut £4.6m loss

By KEITH BRUCE

THE board of Glasgow's Glasgow were yesterday accused of asset-stripping in a bid to reduce the deficit of £4.6m recorded by the 1990 exhibition in the railway arches beneath Glasgow Central Station.

In the face of criticism of the role of the four officers from Glasgow District Council who serve on the board of the parent company, The Words and the Stones Ltd, it is believed the board will be pressing for every saleable piece of equipment to be sold off from the Arches Theatre when it meets today.

Any decision by the board to sell the theatre equipment is unlikely to raise more than £5000 to set against the deficit, it was claimed, and will thwart attempts by people who were involved with the theatre to save it as a permanent venue in the city.

Mr Andy Arnold, former director of the Arches Theatre Company, said he had been assured by Mr Bob Palmer, director of the Festivals Office, that the theatre would not be sold off in bits and pieces.

"The exasperating thing is that the criticism of the deficit could have been off-set by pointing out that part of it was going towards establishing a new venue," he said.

Mr Arnold pointed out that the city made the same mistake in the disposal of signs and equipment after the Garden Festival, many of which could have been reused for Glasgow's Glasgow, but instead had to be purchased new.

Mr Arnold said that the theatre would cost £100,000 to build from scratch again, and it is estimated that only £5000 could be raised by the sale of equipment which cost £30,000 a year ago.

Mr Bill English, finance director of Glasgow District Council, and one of the officers on the board, said: "It is the duty of the board to seek to minimise the cost of the operation by raising whatever money can be raised. We have to weigh up the net gain for the city either in terms of cash or facilities."

Supporters of the Arches feel, however, that the prime duty of Mr English and his fellow officers, architecture director Mr Christopher Purslow, planning director Mr James Rae, and museums and galleries director Mr Julian Spalding, as directors of The Words and the Stones, would be to minimise the loss of the company.

Mr Arnold claimed that the theatre would be sacrificed "for the sake of

balancing the Words and the Stones' books."

Today's board meeting is against the background of rumours that the £4.6m figure is an underestimate of the deficit, although Mr English yesterday expressed the hope that that figure would in fact "hopefully be reduced by the end of the day."

It is understood that a buyer for the theatre fittings has already been identified, but any sell-off decision will come as moves to find an appropriate use for the north side of the arches, including the theatre area, appeared to be bearing fruit.

Discussions involving the Scottish Development Agency, which paid for some of the building work, the British Rail Property Board, which owns the arches, and Mr Peter Wilson, design manager of Glasgow's Glasgow, had resulted in a stay of execution for the north arches.

The Glasgow's Glasgow lease expires on February 6, when the arches to the south of Midland Street revert to their original tenants, including hire-drive firm Mitchell's, for use as workshops and for parking. On the same day BR will advertise the north arches for possible use as retail units, craft workshops, or some leisure purpose.

MP tell